

Marketplace Fairness Act (MFA) - Estimate of State and Local Sales Tax Gain

January 1, 2014 effective date¹

(All \$'s in Millions)

	FY 2014 ^{1,2}	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
WA Remote Sales Estimate - Total Loss ³									
State Sales Tax	\$374.2	\$416.2	\$790.4	\$457.8	\$503.6	\$961.3	\$538.8	\$576.5	\$1,115.3
Local Sales Tax	\$139.1	\$154.7	\$293.8	\$170.2	\$187.2	\$357.3	\$200.3	\$214.3	\$414.6
Total WA Remote Sales Loss	\$513.3	\$570.9	\$1,084.2	\$627.9	\$690.7	\$1,318.7	\$739.1	\$790.8	\$1,529.9
Less: Small Seller Exemption of \$1,000,000 (6%) ⁴	(\$30.5)	(\$33.9)	(\$64.3)	(\$37.3)	(\$41.0)	(\$78.3)	(\$43.9)	(\$46.9)	(\$90.8)
Total Potential WA Remote Sales Revenue	\$482.9	\$537.0	\$1,019.8	\$590.7	\$649.8	\$1,240.4	\$695.2	\$743.9	\$1,439.1
Application of Compliance Factor:									
Medium-Large Businesses	50%	50%		75%	90%		90%	90%	
Net LOCAL Sales Tax Gain	\$27.3	\$72.8	\$100.0	\$120.1	\$158.5	\$278.5	\$169.6	\$181.4	\$351.0
Vendor Compensation	(\$1.9)	(\$83.0)	(\$84.9)	(\$88.3)	(\$93.7)	(\$182.0)	(\$97.4)	(\$101.2)	(\$198.5)
Net STATE Sales Tax Gain	\$71.5	\$112.7	\$184.2	\$234.6	\$332.6	\$567.2	\$358.8	\$386.9	\$745.7
Total Gain State & Local	\$98.7	\$185.5	\$284.2	\$354.7	\$491.1	\$845.7	\$528.4	\$568.3	\$1,096.7

Notes:

Estimate updated by Research & Fiscal Analysis, Washington Department of Revenue, February 13, 2013.

¹ Assumes passage of legislation by September 30, 2013 with collections beginning January 1, 2014. Remote sales figures shown in gray represent 12 months of loss. "Gain" figures represent 5 months of cash collections for FY 2014 and 12 months thereafter

² Assumes first year compensation is required for new remote sellers only, compensation for all retailers starts in FY 2015.

³ This estimate does **not** include remote sales made by individual persons on market place platforms.

⁴ Small Seller Exemption: Exempts firms with less than \$1,000,000 in National gross remote sales; representing 6% of the total remote sale loss. (Source: 2011 Internet Top 1000 E-Retailers).